



EPAD INFRASTRUCTURE FINANCING

SEPTEMBER 30, 2015

A free-market, pro-business solution:

The historic approach to energy efficiency has focused on incentives and subsidies; the EPAD approach offers an alternative more aligned with free market principles, is totally voluntary, and puts no public funds at risk.

WHAT IS EPAD?

ENERGIE PROJECT ASSESSMENT DISTRICT

- Infrastructure financing tool
 - Energy efficiency, renewable energy, and water efficiency upgrades
- Works through special assessment process
 - *All assessments are voluntary*
- Based on special improvement district model
 - *With a few changes . . .*
- Creates revenue stream to leverage third party capital

EPAD VALUE



- Ensures access to capital providers due to special tax assessment being a secure repayment method
- Ideal for longer-term financing (15+ years)
- Creates opportunity for deeper retrofits projects on larger scale

ADVANTAGES TO EPAD



Barriers to EE Upgrades

1. Lack of funds
2. Might sell property
3. Debt limitations
4. Short term – limited ROI
5. Split incentives

EPAD Solutions

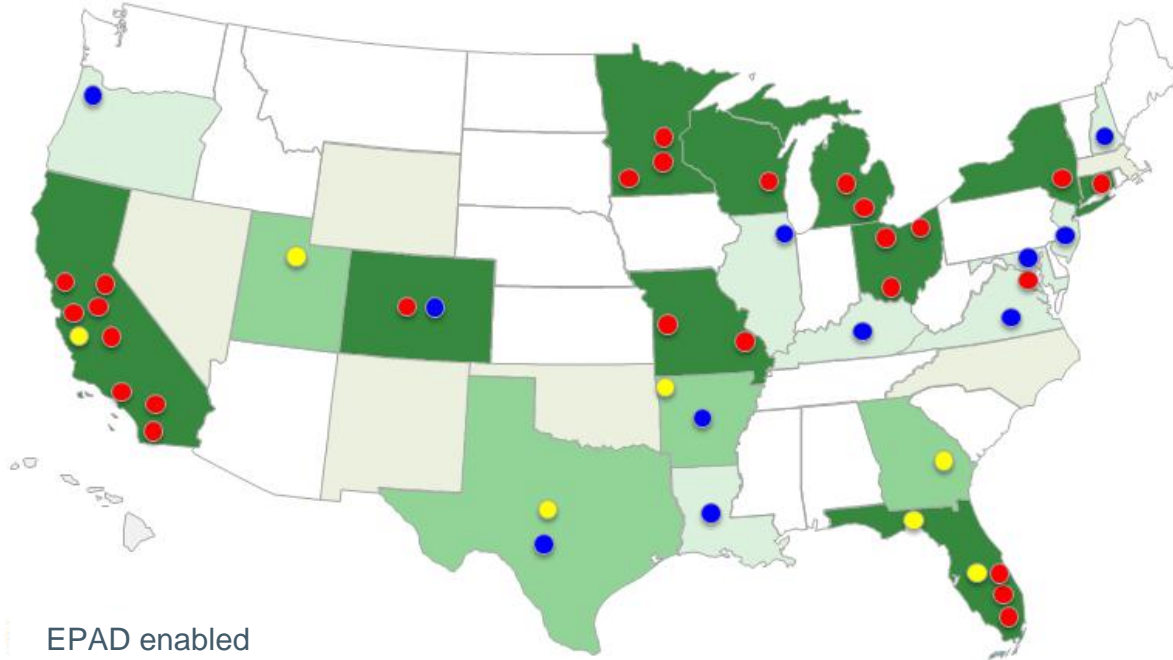
1. 100% external source
2. Transfers to new owner
3. Tax treatment as operating expense
4. Positive cash flow –up to 20 yrs
5. Tenants share cost/savings

EPAD PROGRAMS TODAY

EPAD
in Kentucky

Projects Closed: \$975M

Capital Available: \$1B



- EPAD enabled
- Early stage EPAD program development
- Launched EPAD programs
- EPAD programs with funded projects

EPAD PARTNERS



- Kentucky League of Cities
- Kentucky Association of Counties
- Kentucky Association of Manufacturers
- Kentucky Energy Service Coalition
- Kentucky Chapter of AIA
- NKY and GLI Chambers
- Energy Cabinet
- Local communities, contractors, engineers, developers, etc.

WHO CAN USE EPAD?



Any commercial property.



Local business and industrial



Non-profits



Commercial office space



Multi-family housing

EPAD PROCESS

1. Adopt ordinance creating EPAD district
 - Energy Alliance supports development of program and outreach to businesses
2. Property owners request to join district
 - Statute requires energy savings review
3. Upon approval of each project, municipality adds new EPAD assessment
 - Municipality collects assessment to repay investment

LOCAL ECONOMIC DEVELOPMENT



- Improves local building infrastructure
- Retains/attracts businesses to the community
- Reduce utility expenses (\$\$ reinvested in local economy)
- Increases tax revenues:
 - Increased property taxes
 - Increased payroll taxes

QUESTIONS



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